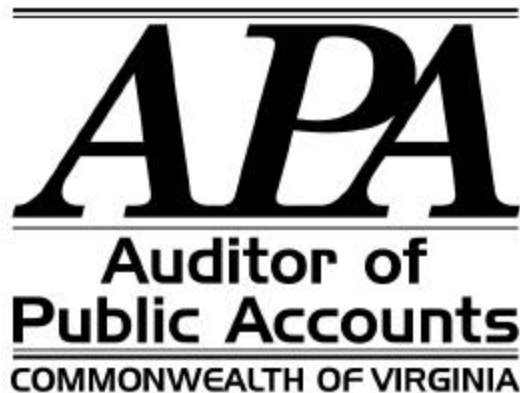


**REPORT TO THE
JOINT LEGISLATIVE AUDIT
AND REVIEW COMMISSION**

**FOR THE QUARTER
OCTOBER 1, 2002 TO DECEMBER 31, 2002**



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January 9, 2003

The Honorable Kevin G. Miller, Chairman
and
Members, Joint Legislative Audit and Review Commission
General Assembly Building
Capitol Square
Richmond, Virginia 23219

This transmits our quarterly summary of reports issued for the period October 1, 2002 through December 31, 2002.

The *Executive Summary* includes reports that may be of special interest to the members of the Commission. We have included a report in the summary for the sole purpose of bringing to your attention matters of significance. These summaries do not include all findings within a report or all reports with findings.

We have included the summary information from our three statewide reports covering our audits of collection of Commonwealth revenues by local constitutional officers, local district courts and circuit clerk offices. The reports take the findings from the individual reports and analyze the information to show trends in the financial management that represent statewide financial management issues.

The *Summary of Reports Issued* lists all reports released during the quarter and shows reports that have audit findings.

We will be happy to provide you, at your request, any reports in their entirety or you can find all reports listed in this document at our website <http://www.apa.state.va.us/reports.htm>. We welcome any comments concerning this report or its contents.

Sincerely,

Walter J. Kucharski
Auditor of Public Accounts

WJK:aom

EXECUTIVE SUMMARY

STATEWIDE REPORTS

We are now issuing three statewide reports covering our audits of collection of Commonwealth revenues by local constitutional officers, local district courts and circuit clerk offices. The reports take the findings from the individual reports and analyze the information to determine if there are any statewide financial management issues.

The reports show trends in the financial management within the audit, but do not include every findings or internal control issue. The individual reports issued to the appropriate officials include the findings for that audit.

Our **Report on Collection of Commonwealth Revenues by Local Constitutional Officers** did not note any statewide issues. Below are the summaries for our other two reports.

Virginia Circuit Court System

During our audits of Clerks of Circuit Court during the period July 1, 2001 through June 30, 2002, we identified the following five findings that we consider statewide issues that are common to several circuit courts:

- Improve Accounts Receivable Management
- Properly Monitor and Disburse Liabilities
- Properly Assess and Record Court Fees and Costs
- Improve Trust Fund Management
- Properly Manage and Supervise Court Operations

Statewide issues are those internal control findings or compliance issues that require that the Executive Secretary of the Supreme Court, as the circuit court administrator, consider issuing new guidelines or providing training to help specific clerks' offices improve. In addition, the Executive Secretary should consider including these issues when conducting statewide training for all clerks' offices.

Virginia District Court System

In our audits of the District Courts completed during the period July 1, 2001 through June 30, 2002, we identified the following three findings that we consider statewide issues that are common to several district courts.

- Improve Understanding of Accounting Procedures
- Improve Accounts Receivable Management
- Reconcile Bank Accounts

Statewide issues are those internal control findings or compliance issues that require that the Executive Secretary of the Supreme Court, as the district court administrator, consider issuing new guidelines or providing training to help specific courts improve. In addition, the Executive Secretary should consider including these issues when conducting statewide training for all district courts.

COMMONWEALTH'S PERFORMANCE MEASURES REPORTING

During the 2002 session of the General Assembly, our statutory mandate was expended to include a review of performance measure reporting. We have completed our first review of the Commonwealth's performance measures reported to the Department of Planning and Budget and the State Council of Higher Education.

This first report serves to establish a baseline of information and provide a background on the status of performance measures in the Commonwealth. While this Office has periodically performed reviews of performance measures in individual agencies and institutions, this review focuses primarily on the Department of Planning and Budget's mechanism for reporting the results of these performance measures to the public.

Results of Review

In performing our work, we reviewed and analyzed the database underlying the performance measures information reported by Planning and Budget on the Virginia Results website. We also performed a preliminary review of college and university performance information reported by the State Council of Higher Education on their website.

We found the performance measures information on the Virginia Results website is incomplete because many agencies have not reported the required information. We believe both the individual agencies and Planning and Budget must improve their procedures to ensure that the performance information reported on Virginia Results is complete. Our preliminary review of performance information reported on the State Council of Higher Education website indicated that the performance information for colleges and universities was complete.

Overall Performance Management Issues

There are several related issues that require examination if performance management is going to be fully implemented in Virginia. Currently, the Commonwealth is allocating resources to accumulating and reporting strategic planning and performance measurement information. Before the Commonwealth continues to allocate resources to this effort, there are some critical issues that need to be addressed. The Commonwealth needs to examine whether agencies have selected the most appropriate performance measures for evaluating the effectiveness of programs, activities and agencies in state government. This includes identifying the specific users of the information, as well as how to use the information. Without addressing and resolving these issues, the Commonwealth will continue to allocate resources to collecting and reporting performance information that may have limited use.

COMMONWEALTH'S ELECTRONIC PROCUREMENT SYSTEM, eVA

Agency use of eVA has increased since our last report dated May 31, 2002. However, currently eVA only accepts and processes about 18 percent of interfaced agency purchases. The high rejection rate is due to the low number of registered vendors in the system. Currently, somewhere between 15 and 26 percent of known Commonwealth vendors are registered in eVA. To increase the number of registered vendors and increase the use of eVA, our report identifies and describes areas where General Services and agencies must focus their efforts:

- Enforce the requirement that agencies only conduct business with eVA-registered vendors as currently required in both the Vendor and Procurement Manuals;
- Establish policies and technical requirements for the eProcurement functionality so that agencies may plan for implementation in this time of budget shortfalls and reduced personnel; and
- Identify future eVA functionality and develop an implementation plan to include a cost/benefit analysis to identify agency participation.

General Services has modified the AMS contract and reduced the future revenue guarantees that are required in the remaining years. The reduced guarantee is the result of agreeing to accelerate payments to AMS in fiscal years 2003 and 2004 as AMS meets functional milestones. Funding of \$7.1 million to pay the accelerated payments came from a 2002 veto session amendment that temporarily ceased vendor fees as a source of revenue and instead required General Services to collect money from each agency and institution. General Services plans to resume collecting vendor fees in fiscal year 2004, rather than agencies paying for the system.

SUMMARY OF REPORTS ISSUED

SUMMARY OF REPORTS ISSUED

The following reports on audit were released by this Office during the period October 1, 2002 through December 31, 2002. Those reports which included findings in the area of internal controls or compliance are indicated by an (*) asterisk.

State Agencies and Institutions

Legislative Branch

General Assembly and Legislative Agencies and Commissions of the Commonwealth of Virginia, Cash Basis Financial Report for the fiscal year ended June 30, 2002

Judicial Branch

Virginia Circuit Courts Statewide Report during the period July 1, 2001 through June 30, 2002*

Virginia District Courts Statewide Report completed during the period July 1, 2001 through June 30, 2002*

Executive Departments

Commerce and Trade

Virginia Commercial Space Flight Authority for the year ended June 30, 2002
Virginia Tourism Authority for the year ended June 30, 2002

Education

Department of Education including Direct Aid to Public Education, The Virginia Schools for the Deaf and Blind, and The Virginia Schools for The Deaf and Blind Foundation for the year ended June 30, 2002

Colleges and Universities

University of Virginia Medical Center for the year ended June 30, 2002*
Virginia Polytechnic Institute and State University for the year ended June 30, 2002*
Virginia Polytechnic Institute and State University, Intercollegiate Athletic Programs for the year ended June 30, 2002

Finance

Revenue Stabilization Fund dated November 22, 2002

Health and Human Resources

Department of Medical Assistance Services for the year ended June 30, 2002*
Office of Comprehensive Services for At-Risk Youth and Families for the year ended
June 30, 2002

Public Safety

Department of Alcoholic Beverage Control for the year ended June 30, 2002
Department of Correctional Education for the two-year period ended June 30, 2002
Wireless E-911 Services Board for the year ended June 30, 2002

Technology

Virginia Information Providers Network Authority for the year ended June 30, 2002

Independent Agencies

State Lottery Department of the Commonwealth of Virginia for the years ended
June 30, 2002 and 2001
State Lottery Department, Report on Applying Agreed-Upon Procedures for the
period April 1, 2001 through March 31, 2002
State Lottery Department, Report on Applying Agreed-Upon Procedures for the
period September 9, 2001 through March 31, 2002
Virginia Public Broadcasting Board for the year ended June 30, 2002
Virginia Retirement System for the year ended June 30, 2002*

Special Reports

Commonwealth's Electronic Procurement System, eVA dated December 6, 2002*
Review of Performance Measures dated November 8, 2002*
Report to the Joint Legislative Audit and Review Commission for the quarter
July 1, 2002 to September 30, 2002
Special Review of Virginia Museum of Natural History dated November 20, 2002*

Clerks of the Circuit Courts

Cities:

City of Bristol for the period October 1, 2001 through September 30, 2002
City of Fredericksburg for the period April 1, 2001 through June 30, 2002
James City/City of Williamsburg for the period October 1, 2001 through September 30, 2002
City of Norfolk for the period October 1, 2001 through September 30, 2002*
City of Salem for the period October 1, 2001 through September 30, 2002*
City of Suffolk for the period July 1, 2001 through June 30, 2002*

Counties:

County of Amelia for the period July 1, 2001 through June 30, 2002*
County of Appomattox for the period July 1, 2001 through September 30, 2002*
County of Culpeper for the period October 1, 2001 through September 30, 2002
County of Floyd for the period July 1, 2001 through June 30, 2002
County of Franklin for the period October 1, 2001 through September 30, 2002
County of Frederick for the period July 1, 2001 through June 30, 2002*
County of Grayson for the period October 1, 2001 through September 30, 2002
County of King William for the period July 1, 2001 through September 30, 2002
County of Loudoun for the period October 1, 2001 through September 30, 2002*
County of Madison for the period October 1, 2001 through September 30, 2002
County of Mecklenburg for the period July 1, 2001 through June 30, 2002
County of New Kent for the period October 1, 2001 through September 30, 2002
County of Pulaski for the period July 1, 2001 through June 30, 2002*
County of Radford for the period July 1, 2001 through June 30, 2002
County of Roanoke for the period October 1, 2001 through September 30, 2002*
County of Shenandoah for the period October 1, 2001 through September 30, 2002*
County of Sussex for the period July 1, 2001 through September 30, 2002*
County of Warren for the period October 1, 2001 through September 30, 2002*
County of Washington for the period October 1, 2001 through September 30, 2002*

Commonwealth Revenues Collected by Constitutional Officers

Collection of Commonwealth Revenues by Local Constitutional Officers Statewide
Report for the year ended June 30, 2002*

General Receivers

Cities:

City of Alexandria for the period July 1, 2001 through June 30, 2002
City of Bristol for the period July 1, 2001 through June 30, 2002
City of Lynchburg for the period July 1, 2001 through June 30, 2002
City of Norfolk for the period July 1, 2001 through June 30, 2002

General Receivers (continued)

Counties:

County of Arlington for the period July 1, 2001 through June 30, 2002
County of Buchanan for the period July 1, 2001 through June 30, 2002
County of Dickenson for the period July 1, 2001 through June 30, 2002
County of King George for the period July 1, 2001 through June 30, 2002
County of Lee for the period ended June 30, 2002
County of Loudoun for the period July 1, 2001 through June 30, 2002
County of Richmond for the period July 1, 2001 through June 30, 2002
County of Russell for the period July 1, 2001 through June 30, 2002
County of Suusex for the period July 1, 2001 through June 30, 2002
County of Washington for the period July 1, 2001 through June 30, 2002
County of Wise for the period July 1, 2001 through June 30, 2002